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Sanitized - Approved For Release CIA-RDP75-00149R000400220017-9

NORFOLK, VIRGINIA  
VIRGINIAN-PILOT

M - 124,468  
S - 165,920

APR 30 1967

*general*  
*CIA 8 Katzenbach Report*

# President

## Ends CIA

## Subsidies

### Open-Funding Plan Asked by Committee

By WILLIAM CHAPMAN

Special to The Virginian-Pilot

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WASHINGTON — A Cabinet-level committee investigating the Central Intelligence Agency Wednesday called for an end to covert government financing of private organizations and recommended that open public support be arranged through some form of public-private machinery. The committee said in a cautiously worded report that, with one important exception, no federal agency should provide covert financial aid to any educational or private voluntary organizations.

President Johnson approved this statement of policy, instructed all agencies to heed it, and said he will appoint a new committee to study ways of channeling federal funds openly to private groups performing valuable overseas activities.

Disclosures of extensive CIA support for private U.S. organizations — labor unions, cultural groups, educational organizations — triggered the committee's investigations.

Before the intensive review started, the CIA's covert use of seemingly innocuous and widely identified front foundations to channel funds into these organizations had been widely publicized. President Johnson

set up the committee Feb. 10. The committee absolved the Central Intelligence Agency of any blame for acting without government supervision.

The four-page report said the CIA's support for such organizations as the National Student Association had been approved in the highest levels of the past four administrations.

The committee, headed by Under Secretary of State Nicholas deB. Katzenbach, outlined one potential exception from the total ban on covert support. Where "overriding national interests so require," secret assistance could be made available if in each instance approval is given by the secretaries of state and defense.

None of these exceptions, the committee said, should involve educational, philanthropic or cultural organizations. Katzenbach said, in answer to questions, that he assumed that a labor organization would fit the definition.

ception.

The committee said that no current programs it examined could qualify for such a national-security exception.

The report recommended that current CIA assistance be ended "as quickly as possible" without destroying valuable private organizations before they can find new support. It could be ended largely, perhaps entirely, by Dec. 31, the committee said.

The disclosures about CIA financing of independent groups began when Ramparts magazine published an extensive report on the National Student Association, which had received CIA money through foundations since the early 1950s.

The Katzenbach committee described the pattern of CIA support generally attributing it to the need after World War II for combating Communist activity in many international organizations.

The committee's report said that a clear, new policy should be established "particularly in the light of recent publicity" to meet two responsibilities:

- "One is to avoid any implication that governmental assistance, because it is given covertly, is used to affect the policies of private voluntary groups," it said.

- "The second responsibility is to make it plain in all foreign countries that the activities of private American groups abroad are, in fact, private."

Johnson, in a separate statement, said "I accept this committee's proposed statement of policy and am directing all agencies of the government to implement it fully."

Johnson, however, did not commit himself specifically to the committee's recommendation that a new public-private mechanism be developed to provide funds openly to private groups.

He said the administration will give "serious consideration" to that proposal. He said Secretary of State Dean Rusk will head another special committee to review ways of providing open support. The new committee will include members from the executive branch, Congress and private life.

Secretary of Health, Education and Welfare John W. Gardner and CIA Director Richard Helms were members with Katzenbach of the committee which reported Wednesday.

public-private organization that might take over the job of financing deserving overseas activities, the committee cited the British Council, which administers funds for reference libraries, exhibitions, scholarships, international conferences and international conferences and cultural exchanges. Most of its members come from private life, although 90 per cent of its funds are from government.

The committee mentioned the Smithsonian Institution as an American example of a private corporation established by Congress and governed by a mixed public-private board.

The report gave no hint of how the proposed reorganization might affect Cord Meyer Jr., the CIA official responsible for managing the labor and student affairs programs at the center of the recent controversy.

A CIA spokesman said Wednesday "I can assure you his (Meyer's) position will in no way be affected by this."

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